

## Message Text

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OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 PA-02 PRS-01 AGR-10 FEA-01 TAR-01

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P R 160144Z DEC 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 6096

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USDEL MTN GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL NICE

AMCONSUL STRASBOURG

UNCLAS SECTION 1 OF 4 PARIS 32716

PASS TREASURY AND FEDERAL RESERVE

C O R R E C T E D COPY - CORRECTING MRN 32716 VICE 32706

EE.O. 11652: N/A

TAGS: EALR, EFIN, EGEN, FR

SUBJECT: FRENCH FINANCIAL AND ECONOMIC DEVELOPMENTS

REF: PARIS 31305, DECEMBER 2, 1975

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1. SUMMARY. ECONOMIC INDICATORS LEND CREDENCE TO VIEW,

EXPRESSED BY PRESIDENT GISCARD IN DECEMBER 4 "FIRESIDE CHAT," THAT FRANCE HAS WEATHERED THE WORST OF CURRENT RECESSION. EXCESS CAPACITY HAS BEGUN TO DECLINE, WHILE INDUSTRIAL PRODUCTION SHOWING SIGNS OF REVIVAL. NEVERTHELESS, OUTLOOK FOR INVESTMENT REMAINS GLOOMY AND ANXIETIES MOUNTING OVER LACK OF COMPETITIVENESS OF FRENCH INDUSTRY. WITH SAVINGS DEPOSITS AT RECORD LEVELS, GOF HAS MOVED TO CHANNEL GREATER PROPORTION OF SAVINGS DEPOSITS INTO MEDIUM AND LONG-TERM DEPOSITS. BALANCE OF PAYMENTS ON CURRENT ACCOUNT REGISTERED THIRD-QUARTER DEFICIT OF 1 BILLION FRANCS. END SUMMARY.

## 2. ECONOMIC UPTURN GAINS MOMENTUM -

THRICE-YEARLY SURVEY OF FRENCH INDUSTRY BY INSEE (NATIONAL STATISTICS INSTITUTE), PUBLISHED DECEMBER 3, SHOWS CAPACITY UTILIZATION ON THE UPSWING AND A LIKELY MODERATE RISE IN INDUSTRIAL OUTPUT DURING THE SECOND HALF 1975. NUMBER OF FIRMS WITH EXCESS CAPACITY DECLINED FROM 89 PERCENT IN JUNE TO 85 PERCENT IN NOVEMBER (PROPORTION WAS 78 PERCENT IN NOVEMBER 1974). OVERALL INDUSTRIAL PRODUCTION SAID TO HAVE INCREASED SOME 4 OR 5 PERCENT FROM LOW POINT IN JUNE THROUGH NOVEMBER. INDUSTRIALISTS REPORTEDLY EXPECT INCREASES IN BOTH FOREIGN AND DOMESTIC DEMAND OVER COMING MONTHS, FOR NEARLY ALL CATEGORIES OF GOODS. OUTLOOK IN PRICES FOR NEAR TERM, ACCORDING TO INSEE, SUGGESTS AVERAGE MONTHLY INCREASES OF 0.6 PERCENT. WAGES ARE EXPECTED TO RISE AT PRESENT RATES, ROUGHLY 1 PERCENT MONTHLY.

DECEMBER BUSINESS SURVEY BY FRENCH PATRONAT (ROUGHLY EQUIVALENT TO N.A.M.) CONFIRMS HIGHER LEVEL OF INTERNAL DEMAND, WITH PUBLIC-WORKS AND CONSTRUCTION SECTORS IN PARTICULAR FEELING EFFECTS OF INCREASES GOVERNMENT SPENDING. OFFICIAL INVESTMENT INCENTIVES REPORTEDLY HAVE LED TO INCREASED DEMAND FOR LIGHT INDUSTRIAL EQUIPMENT, BUT OVERALL INVESTMENT SPENDING HAS NOT YET SHOWN ANY SUBSTANTIAL UPTURN. DEMAND FOR HEAVY CAPITAL EQUIPMENT, IN FACT, REMAINS DEPRESSED WITH UNFILLED ORDERS CONTINUING TO UNCLASSIFIED

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DECLINE. NEW ORDERS HAVE SHOWN IMPROVEMENT IN HEAVY INDUSTRY (ALTHOUGH DELIVERIES HAVE GENERALLY KEPT PACE), AND ROSE VERY SLIGHTLY IN STEEL INDUSTRY DURING SEPTEMBER. ACCORDING TO PATRONAT, CONCERN IS MOUNTING OVER LACK OF COMPETITIVENESS OF FRENCH INDUSTRY, DUE TO ADVERSE EXCHANGE-RATE CHANGES AND RELATIVELY HIGHER PRODUCTION COSTS IN FRANCE.

ACCORDING TO MONTHLY ECONOMIC SURVEY BY PARIS CHAMBER OF COMMERCE, REVIVAL IN CONSUMER SPENDING NOW GAINING MOMENTUM; MONTHLY INDEX OF REAL CONSUMPTION (INDUSTRIAL PRODUCTS) EXPECTED TO SHOW INCREASE OF SOME 4.2 PERCENT DURING OCTOBER. MOREOVER, UPTURN IN CONSUMER SPENDING REPORTEDLY BROADENING IN SCOPE. UNTIL NOW ONLY FRENCH AUTO INDUSTRY HAD FELT TANGIBLE EFFECTS OF REVIVAL (SALES UP 11 PERCENT IN THIRD QUARTER) BUT OTHER PRODUCTS NOW BEGINNING TO EXPERIENCE RISING SALES. INDEX OF PRICE-ADJUSTED TURNOVER BY MAJOR RETAILERS REPORTED TO HAVE REGISTERED SLIGHT (0.5 PERCENT) INCREASE FROM AUGUST TO OCTOBER FOLLOWING VIRTUAL STAGNATION SINCE FIRST OF YEAR.

IN CAPITAL-EQUIPMENT SECTOR, UNFILLED ORDERS DROPPED SHARPLY IN SEPTEMBER AND EARLY OCTOBER, BUT A SLIGHT IMPROVEMENT SHOWN IN LATE OCTOBER AND EARLY NOVEMBER. SOME INVESTMENTS PLANNED FOR 1976, ACCORDING TO CHAMBER REPORT, MAY BE MOVED UP TO 1975 IN ORDER TO QUALIFY FOR OFFICIAL INCENTIVES ANNOUNCED IN SEPTEMBER ECONOMIC-SUPPORT PROGRAM.

3. ... BUT WILL IT LAST?

ASSOCIATION OF FRENCH BUSINESS ECONOMISTS (AFEDE) ANNOUNCED DECEMBER 3 RESULTS OF SURVEY OF MEMBERS ON FRENCH ECONOMIC OUTLOOK FOR 1976. AMONG FORECASTS OF ECONOMIC VARIABLES, MOST DRAMATIC IS PROJECTION OF ONLY 0.6 PERCENT REAL GROWTH IN PRODUCTIVE INVESTMENT, COMPARED TO MOST RECENT GOF PREDICTION OF 5 PERCENT REAL INCREASE. AS AFEDE FIGURE INCLUDES INVESTMENTS BY NATIONALIZED FIRMS, FORECAST IMPLIES FURTHER DECREASES IN INVESTMENT SPENDING IN PRIVATE SECTOR IN 1976.  
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AFEDE'S PESSIMISTIC OUTLOOK FOR INVESTMENT LINKED TO LOWER FORECAST FOR FRENCH REAL ECONOMIC GROWTH IN 1976 -- 3.5 PERCENT, AS OPPOSED TO OFFICIAL PROJECTION OF 4.7 PERCENT. OTHER FORECASTS BY AFEDE WERE FOR 10 PERCENT INCREASE IN CONSUMER PRICES NEXT YEAR (7.5 PERCENT ACCORDING TO GOF), AND FOR NO SUBSTANTIAL REDUCTION IN LEVEL OF UNEMPLOYMENT OVER COURSE OF 1976. GENERAL VIEW OF SURVEY RESPONDENTS "VERY CAUTIOUS" ON CHANCES FOR CURRENT UPTURN DEVELOPING INTO GENUINE ECONOMIC REVIVAL -- WITH EVEN A COMPLETE HALT IN ECONOMIC GROWTH SEEN AS A POSSIBILITY FOR THE SECOND HALF OF 1976.

FOR ITS PART, GOF DOES NOT FORESEE ANY FURTHER

MEASURES TO SUPPORT ECONOMIC ACTIVITY, ACCORDING TO  
DECEMBER 10 STATEMENT TO ECONOMIC COUNCIL BY FINANCE  
MINISTER FOURCADE. CITING CONSTRAINTS POSED BY INFLATION  
AND EXTERNAL BALANCE, FOURCADE SAID "THE NEED  
FOR A RETURN TO BUDGETARY EQUILIBRIUM PRECLUDES SYSTEMATIC  
STATE AID" TO FIRMS IN FINANCIAL STRAITS. HE  
REITERATED GOF'S TARGET OF 4.7 PERCENT REAL ECONOMIC  
GROWTH IN 1976, BUT ADMITTED THAT GOAL OF BRINGING  
PRICE INFLATION DOWN TO 7.5 PERCENT -- 0.6 PERCENT

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EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 PA-02 PRS-01 AGR-10 FEA-01 TAR-01

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P R 160144Z DEC 75  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC PRIORITY 6097  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
USDEL MTN GENEVA  
USMISSION EC BRUSSELS  
USMISSION OCED PARIS  
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MONTHLY -- MAY BE "DIFFICULT TO REACH."

ECHOING FEARS EXPRESSED IN LATEST PATRONAT SURVEY (PARA. 2 ABOVE), FOURCADE SAID COMPETITIVENESS OF FRENCH INDUSTRY, AS WELL AS ECONOMIC GROWTH GENERALLY, WOULD BE JEOPARDIZED IF PRODUCER COSTS CONTINUE TO RISE FASTER IN FRANCE THAN ELSEWHERE. HE CITED EXCESSIVE NOMINAL WAGE INCREASES AS A PARTICULAR DANGER IN THIS REGARD, AND UNCLASSIFIED

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WHILE HE SAID THESE WERE RISING TWICE AS FAST IN FRANCE AS IN WEST GERMANY, HE SIDESTEPED POINT THAT PRICE INFLATION IN THE LATTER IS CONSIDERABLY LOWER.

4. GOF ALTERS INTEREST RATES AS SAVINGS ACCELERATE- SAVINGS DEPOSITS CONTINUED TO ACCELERATE IN SEPTEMBER AND OCTOBER, REACHING RECORD LEVEL OF 4.1 BILLION FRANCS IN OCTOBER. BY MID-NOVEMBER, DEPOSITS NET OF WITHDRAWALS IN ALL SAVING BANKS (CAISSES D'EPARGNE) AMOUNTED TO SOME FF 28 BILLION, NEARLY 70 PERCENT ABOVE YEAR-EARLIER LEVEL OF FF 16.5 BILLION. OTHER FORMS OF SAVINGS (E.G., SAVINGS-ANS LOAN PLANS AND SAVINGS BONDS) INCREASES AT SIMILAR, THOUGH LESS RAPID, PACE. DEMAND FOR PERSONAL HOUSING LOANS FROM SAVINGS BANKS REPORTEDLY AT SAME LEVEL AS IN 1974.

ON DECEMBER 9, FINANCE MINISTER FOURCADE ANNOUNCED TO NATIONAL ASSEMBLY THAT INTEREST RATE ON DEPOSITS WITH SAVINGS BANK WOULD BE REDUCED FROM 7.5 TO 6.5 PERCENT AS OF JANUARY 1, SIMULTANEOUSLY, CEILING FOR EXEMPTION OF SUCH DEPOSITS FROM WITHHOLDING TAX TO BE RAISED FROM FF 25,000 TO FF 32,000. IN ORDER TO "HARMONIZE" INTEREST-RATE STRUCTURE, REDUCTIONS ALSO TO BE MADE IN RATES PAID BY COMMERCIAL BANKS ON SAVINGS ACCOUNTS (7 PERCENT ON DEPOSITS EXCEEDING SIX MONTHS). RATE OF INTEREST ON SHORT-TERM BONDS (BONS DE CAISSE) OF LESS THAN ONE YEAR'S MATURITY MAY ALSO BE REDUCED ONE POINT FROM PRESENT 7 PERCENT. NO CHANGE ANTICIPATED IN PREFERENTIAL INTEREST RATES ON SPECIAL SAVINGS ACCOUNTS TO FINANCE HOUSING PURCHASES, BUT MAXIMUM ALLOWED TO BE DEPOSITED IN SUCH ACCOUNTS WILL BE RAISED FROM FF 60,000 TO FF 100,000.

FOURCADE ALSO ANNOUNCED PLANS TO ESTABLISH NEW SAVINGS INSTRUMENT NEXT YEAR IN THE FORM OF PROGRESSIVE-INTEREST TREASURY BONDS. THESE WILL BEAR INTEREST (GROSS RATES) AT 6.5 PERCENT IN FIRST YEAR AND AT 10.5 PERCENT IN FINAL YEAR, WITH MAXIMUM SECURITY OF FIVE YEARS. AS WITH EXISTING INSTRUMENTS, INTEREST PAID WILL BE SUBJECT TO WITHHOLDING TAX OF 33 PERCENT, SO THAT NET RATES EQUIVALENT TO 4.33 PERCENT AND 7 PERCENT FOR FIRST AND FINAL

YEARS RESPECTIVELY.

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FOURCADE SAID NEW MEASURES INTENDED TO COUNTER RECENT TREND TOWARD EXCESSIVE GROWTH IN SHORT-TERM SAVINGS, BY CHANNELING LARGER PROPORTION OF SAVINGS INTO MEDIUM AND LONG-TERM DEPOSITS. HE ADDED THAT RECENT SOFTENING IN RATE OF CONSUMER PRICES INCREASES HAS MEANT THAT RETURNS ON SHORT-TERM SAVINGS HAVE CLEARLY OUT-STRIPPED INFLATION. PREVIOUSLY FOURCADE HAS MAINTAINED THAT OVERALL TREND IN SAVING WAS "SATISFACTORY," WITH INCREASES IN DEPOSITS HAVING NO ADVERSE EFFECTS ON REVIVAL IN CONSUMER SPENDING.

5. DECLINE IN REAL INVESTMENT MAY REACH 10 PERCENT  
IN 1975 -

REAL EXPENDITURES ON CPITAL INVESTMENT BY FRENCH INDUSTRY ARE EXPECTED TO SHOW DECLINE OF SOME 10 PERCENT IN 1975, ACCORDING TO INSEE SURVEY CONDUCTED IN NOVEMBER. CUTBACKS CONCENTRATED IN CONSUMER-GOODS SECTOR (ON THE ORDER OF 20 PERCENT DECLINE IN REAL INVESTMENT SPENDING) AND IN SOME BRANCHES OF INTERNEDIATE - GOODS SECTOR. FOR 1976, VOLUME OF PRODUCTIVE INVESTMENT EXPECTED TO BE ROUGHLY UNCHANGED FROM 1975.

IN MONEY TERMS, OVERALL LEVEL OF INVESTMENT SPENDING IN 1975 LIKELY TO MATCH THAT FOR 1974. NOMINAL INCREASE IN 1976 MAY BE ON THE ORDER OF 9 PERCENT WITH CAPITAL-EQUIPMENT AND INTERMEDIATE-GOODS SECTORS ACCOUNTING FOR MOST EXPENDITURES.

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P R 160144Z DEC 75  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC PRIORITY 6098  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY ROME  
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C O R R E C T E D C O P Y FOR MRN

SCOPE OF INSEE INVESTMENT SURVEY INCLUDES ONLY  
PRIVATE INDUSTRIAL FIRMS AND SOME "COMPETITIVE" PUBLIC  
ENTERPRISES; IT DOES NOT COVER BUILDING AND PUBLIC-WORKS  
SECTORS, TRANSPORTATION AND COMMUNICATIONS, COMMERCE  
OR AGRICULTURE, AND THUS ACCOUNTS ONLY FOR SOME  
TWO-FIFTHS OF TOTAL EXPENDITURES ON PLANT AND EQUIPMENT  
IN FRANCE.

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6. INDUSTRIAL OUTPUT SHOWS SLIGHT RISE --

FRENCH INDUSTRIAL PRODUCTION INCREASED marginally  
IN OCTOBER AFTER HAVING STAGNATED THROUGHOUT THIRD  
QUARTER. OVERALL INSEE INDEX OF INDUSTRIAL OUTPUT  
SET AT 111 FOR OCTOBER, UP 0.9 PERCENT FROM REVISED  
FIGURE OF 110 FOR SEPTEMBER (SEASONALLY ADJUSTED,  
BASE 1970 AS 100). OCTOBER INDEX WAS 9 PERCENT BELOW  
THAT FOR ONE YEAR EARLIER. AS SHOWN BELOW BY THREE-MONTH  
MOVING AVERAGES, TREND IN INDUSTRIAL OUTPUT INDEX  
HAS BEEN ESSENTIALLY FLAT FOR SIX MONTHS NOW.

FRENCH INDUSTRIAL PRODUCTION  
(THREE-MONTH MOVING AVERAGES; SEASONALLY ADJUSTED,  
BASE 1970 AS 100)

NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT  
120 118 116 116 115 113 111 111 110 111 110 110

ACCORDING TO FINANCE MINISTRY, SLIGHT UPTURN IN OCTOBER OUTPUT REFLECTS CONTINUED IMPROVEMENT IN CONSUMER-GOODS SECTOR, OF WHICH OVERALL PRODUCTION NOW APPROACHING 1974 AVERAGE. MOREOVER, TENTATIVE SIGNS APPEARING OF AN UPTURN IN INTERMEDIATE-GOODS SECTOR AS WELL.

7. WAGES UP 2.8 PERCENT IN THIRD QUARTER -

LABOR MINISTRY FIGURES ON HOURLY WAGES IN INDUSTRY INDICATE 2.8 PERCENT INCREASE DURING THIRD QUARTER 1975, COMPARED TO 4.9 PERCENT IN SECOND QUARTER. OVERALL INDEX OF WAGES IN PRIVATE SECTOR (BASE 1/1/73 AS 100) SET OUT 155.9 ON OCTOBER 1, UP FROM 151.6 ON JULY 1 AND FROM 134.3 ON OCTOBER 1, 1974. NOMINAL INCREASE IN WAGES OVER ONE YEAR THUS AMOUNTED TO 16.1 PERCENT. ACCORDING TO LABOR MINISTRY, "ACTUAL" INCREASE A(ADJUSTED FOR REDUCTIONS IN WORKING HOURS) WAS 12.1 PERCENT FOR YEAR ENDING OCTOBER 1; INCREASE IN REAL PURCHASING POWER (ADJUSTED FOR PRICE INFLATION) AMOUNTED TO 1.7 PERCENT OVER THE SAME PERIOD, OF WHICH 0.4 PERCENT ACCOUNTED FOR BY THIRD-QUARTER RISES.  
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8. COMMODITY IMPORT PRICES CONTINUE TO FALL, REAL IMPORTS RISE -

THE COST OF PRIMARY PRODUCTS IMPORTED BY FRANCE DROPPED 1.6 PERCENT IN NOVEMBER, REMAINING AT A LEVEL ESSENTIALLY UNCHANGED FROM ONE YEAR PREVIOUSLY. OVERALL INSEE INDEX OF FRENCH RAW-MATERIAL IMPORT PRICES SET AT 189.6 IN NOVEMBER, COMPARED TO 192.6 IN OCTOBER AND 189.3 IN NOVEMBER 1974. IMPORT PRICES FOR PRIMARY FOODSTUFFS REGISTERED 4 PERCENT DECLINE FROM OCTOBER LEVELS, WHILE PRICES FOR INDUSTRIAL RAW-MATERIAL IMPORTS ROSE 1 PERCENT.

INDICES OF FRENCH FOREIGN TRADE BY VOLUME, RELEASED DECEMBER 8 BY INSEE, SHOW REAL IMPORTS INCREASED 4 PERCENT IN SEPTEMBER WHILE REAL EXPORTS DECLINED 0.6 PERCENT. SEASONALLY-ADJUSTED INDICES (BASE 1966 AS 100) SET AT 204.2 FOR SEPTEMBER IMPORTS, 218.4 FOR EXPORTS. OVER THIRD QUARTER, REAL IMPORTS HAD THUS INCREASED BY 4.4 PERCENT WHILE REAL EXPORTS ROSE 2.4 PERCENT.

FRENCH FOREIGN TRADE BY VOLUME



(QUARTERLY AVERAGES; INDICES SEASONALLY ADJUSTED,  
BASE 1966 AS 100)

	74-IV	75-I	75-II	75-III
IMPORTS	206.7	200.6	194.1	202.7
EXPORTS	230.2	228.1	216.8	222.0

9. CURRENT ACCOUNT RETURNS TO DEFICIT IN THIRD QUARTER -

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P R 160144Z DEC 75  
FM AMEMBASSY PARIS  
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FRENCH BALANCE OF PAYMENTS ON CURRENT ACCOUNT SHOWED 1 BILLION FRANC DEFICIT FOR THIRD QUARTER, REDUCING CUMULATIVE CURRENT-ACCOUNT SURPLUS FOR FIRST NINE MONTHS OF 1975 TO FF 1.6 BILLION. OVER THE SAME PERIOD IN 1974, BALANCE ON CURRENT ACCOUNT REGISTERED DEFICIT OF FF 26.1 BILLION. FOLLOWING ARE PROVISIONAL FIGURES FOR THIRD QUARTER, RELEASED DECEMBER 8 BY FINANCE MINISTRY, TOGETHER WITH REVISED DATA FROM NOVEMBER 28 FINANCE MINISTRY REPORT ON INTERNATIONAL PAYMENTS THROUGH FIRST HALF 1975 (DETAILS FOLLOW UNCLASSIFIED

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BY AIRGRAM).

FRENCH BALANCE OF PAYMENTS  
IN MILLIONS OF FRANCS, DATE FOR THIRD  
QUARTER PRELIMINARY, ALL OTHERS REVISED)

1974	75-I	75-II	75-III
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MERCH TRADED

BALANCE	-18738	1113	5460	1900
	1583	-371	2168	-200

BALANCE ON GOODS

AND SERVICES	-17155	742	7628	1700
NET TRANSFERS	-11597	-2534	-3181	2700

BALANCE ON CURRENT

ACCOUNT	-28752	-1792	4447	-1000
LONG-TERM CAPITAL	10499	2327	148	-100
BASIC BALANCE	-18253	583	4595	-1100

MERCHANDISE TRADE ACCOUNT (INCLUDES "COURTAGE," OR PHIRD-COUNTRY COMMODITY-BROKERAGE ACTIVITIES) REMAINED IN SURPLUS FOR THIRD QUARTER -- ALTHOUGH NARROWING SHARPLY FROM SECOND QUARTER, DUE TO UPSURGE IN NOMINAL IMPORTS -- AND REGISTERED CUMULATIVE SURPLUS OF FF 8.5 BILLION OVER FIRST THREE QUARTERS 1975. BALANCE ON NET SERVICES REMAINED IN SURPLUS DESPITE SEASONAL DETERIORATION IN THIRD QUARTER. NET TRANSFERS SHOWED DEFICIT SIMILAR TO THAT RECORDED OVER SAME PERIOD IN 1974.

NET LONG-TERM CAPITAL INFLOWS (FF 2.4 BILLION YEAR TO DATE, ATRIBUTABLE ALMOST ENTIRELY TO FIRST QUARTER) SUBSTANTIALLY LESS THAN IN 1974. THIS REFLECTS DECLINE IN DRAWINGS ON FOREIGN BORROWINGS (NET OF REPAYMENTS), DOWN FROM FF 3.4 BILLION IN FIRST QUARTER TO FF 1.7 BILLION IN THIRD QUARTER, SIMULTANEOUSLY EXPORT CREDITS HAVE CONTINUED AT A STRONG PACE AND PURCHASES OF FOREIGN SECURITIES HAVE INCREASED SIGNIFICANTLY, THUS ADDING TO LONG-TERM OUTFLOWS. DESPITE SUCH MOVEMENTS,

BALANCE ON CURRENT ACCOUNT AND LONG-TERM CAPITAL ("BASIC BALANCE")  
RETAINED SURPLUS OF FF 4.0 BILLION FOR FIRST NINE MONTHS OF 1975.  
SUBSTANTIAL NET INFLOWS OF SHORT-TERM CAPITAL CONTINUED IN  
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THE THIRD QUARTER AT ROUGHLY THE SAME LEVEL AS IN THE SECOND QUARTER,  
TOGETHER WITH UNRECORDED TRANSACTIONS, THEY BROUGHT THIRD-  
QUARTER BALANCE ON NON-MONETARY TRANSACTIONS TO PLUS FF 3.8  
BILLION (FF 20.0 BILLION FOR FIRST THREE QUARTERS). CHANGES IN  
SHORT-TERM ASSETS/LIABILITIES OF BANKING SECTOR SHOWED MINUS FF  
2.0 BILLION, RESULTING IN OFFICIAL TRANSACTIONS BALANCE OF PLUS FF  
1.8 BILLION (PLUS FF 10.5 BILLION FOR FIRST THREE QUARTERS 1975).

10. SANTA CLAUSE APOINTEED "INSPECTEUR DES FINANCES"

ON SUNDAY P.M. TV CHANNEL 2, FRENCH CHILDREN  
WERE ADVISE TO WRITE TO "PERE" FINMIN FOURCADE, 93 RUE DE RIVOLI,  
PARIS, SINCE "PERE" FOURCADE HAS THE MONEY AND "PERE NOEL" IS  
JUST A DELIVERY BOY.

11. OTHER REPORTS SUBMITTED DURING THE PERIOD- TELEGRAMS-

31567 LARRE SPEECH ON IMF GOLD  
AGREEMENT 12/4/75

32450 GOVERNMENT -SUPPORTED PROGRAM  
LINES OF EXPORT CREDIT 12/12/75

32451 FRENCH BUDGETARY SUPPORT FOR  
EXPORT PROMOTION 12/12/75  
AIRGRAMS

A-513 FRENCH FOREIGN EXCHANGE  
HOLDINGS 12/5/75  
RUSH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, INDUSTRIAL DEVELOPMENT, ECONOMIC TRENDS, ANTIINFLATIONARY PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 DEC 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PARIS32716  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750439-0652  
**From:** PARIS  
**Handling Restrictions:** n/a  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
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**Reference:** 75 PARIS 31305  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 NOV 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 NOV 2003 by ThomasVJ>; APPROVED <12 JAN 2004 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
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